

**From:** "Ron Heaton" <RHeaton@sbsu.com> on 01/28/2004 08:00:54 PM  
**Subject:** Equal Credit Opportunity

To the Federal Reserve:

These are comments on the above proposed Regulation. Comments come from State Bank of Southern Utah, Cedar City, Utah, a 357 million dollar asset bank.

We understand the proposal is to make the form of disclosures consistent among the various consumer protection regulations by adopting a "clear and conspicuous" standard. Purportedly, it would serve the purpose of 1. creating consistency and 2. ensure that consumers receive noticeable and understandable information.

Our comments are:

1. The Board has made not case that consumers do not now receive noticeable and understandable information. If there is not a need, why cause financial institutions to be less efficient by increasing compliance costs? This is a sure way to increase the cost to consumers who pay for all new regulation.

2. "Reasonably understandable" is a very vague standard, that will only invite law suits that will cost consumers even more money in the long run. It also carries the risk of limiting credit while the industry is trying to define the terms.

3. Even though no standard disclosure is mandated, the wording used to define "reasonably understandable" is very difficult to quantify. Words like "everyday words", "explanations that are imprecise", "legal terminology", "wide margins" are unclear and dangerous to use to develop a disclosure that will be satisfactory to everyone. It would be better to have a Fed mandated disclosure that is not subject to lawyer interpretation.

4. The regulation will impose expensive and time consuming changes. Disclosures will be longer because of wide margins, clear disclosures, bigger type, and other mandates. It may actually create more confusion because consumers will not read longer disclosures.

In short, this is a bad proposal and should be scrapped. It appears to me we ought to be more concerned about real problems and increasing efficiency and decreasing regulatory burden than added unnecessary new regulation.

Sincerely,

Ronald W. Heaton,

President and CEO

State Bank of Southern Utah

PO Box 340

Cedar City, Utah 84721-0340